Linkage of gas price with International Crude Oil Price

1590. SHRI MOINUL HASSAN: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) on what RIL has been permitted for fix a gas price of 4.2 dollar/unit from Krishna-Godavari Basin;

(b) whether any company, producing gas in the country indigenously can be allowed to fix gas price with international price of crude oil; and

(c) if so, what is the linkage between international price of crude oil and indigenously produced gas in the country?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MURLI DEORA): (a) to (c) As per the provisions of the Production Sharing Contract (PSC) signed by the Government of India with M/s RIL-NIKO Consortium for the D-6 Block under NELP-I bidding round, the gas price basis/formula for the purpose of valuation of Government take has to be approved by the Government. The relevant provisions of the PSC also state that gas will be sold on arms length basis.

The contractors submitted their proposal to the Government to the gas price formula after inviting bids. An Empowered Group of Ministers (EGoM) has decided the gas price formula and gas pricing inssues under NELP after considering relevant material. The decision taken by the EGoM in the present case will lead to a price of US$ 4.20 per mmbtu at delivery point. The gas prices are normally determined as per a formula which has fixed and variable portions. The variable portion is generally linked to international price of crude. The EGoM has imposed a ceiling on the price of crude in the pricing formula at US$ 60 per barrel, with a view to protecting the interest of gas consumer against persistently rising international crude prices.

Exploration of oil in Suez by OVL

1591. SHRIMATI MOHSINA KIDWAI:
SHRI VIJAY J. DARDA:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether sizeable oil reserves have been found during exploration by ONGC Videsh Ltd. (OVL) in Egypt's Gulf of Suez;

(b) if so, whether OVL having 70 per cent participating interest in this venture' will have decisive role while selling this crude in view of our dependency on oil imports for meeting our bourgeoning domestic requirement; and

(c) whether inclusion of built-in clause for assured supply to India of oil or gas reserves, when such collaboration agreements are drawn with foreign countries, be juricical feasible?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MURLI DEORA): (a) Yes, Sir. ONGC Videsh Ltd. (OVL) and its partner IPR Energy Red Sea Inc. have made a significent new oil field discovery in its first Exploration well North Ramadan-I drilled in the North Ramadan Concession, Gulf of Suez, Egypt. The discovery was made in April 2007 and well was tested at naturally flowing rate of 2979 barrels of oil per day.

(b) As per provisions in Production Sharing Contract, CONTRACTOR (ONGC Videsh Ltd. and IPR Energy Red Sea Inc.) have the right and the obligation to freely export and otherwise dispose of the entitled Crude Oil. However, the Priority shall be given to meet the requirements of the Arab Republic of Egypt (A.R.E.) market.